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Western Dairy Specialties, LLC and
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UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF NEVADA

In re:
WESTERN DAIRY SPECIALTIES, LLC
Debtor,

Case No. BK-N-10-50307-gwz
Chapter Number: 11

In re:
NEVADA RESOURCE DYNAMICS,
LLC,
Debtor.

Case No. BK-N-10-50308-GWZ
Chapter Number: 11

MOTION FOR JOINT ADMINISTRATION

Hearing Date: June 22, 2010
Hearing Time: 10:00 a.m.

Western Dairy Specialties, LLC ("Western Dairy") and Nevada Resource Dynamics, LLC ("NRD" and, collectively with Western Dairy, "Debtors"), debtors in possession in the above-captioned Chapter 11 cases, hereby move this Court for an order authorizing and directing the joint administration of the Debtors' related chapter 11 cases for procedural purposes only. This Motion for Joint Administration ("Motion") is made and based upon the Points and Authorities set forth below, Rule 1015(b) of the Federal Rules of Bankruptcy Procedure (the "Bankruptcy Rules") and Rule 1015(b) of the Local Rules of Bankruptcy Procedure for the District of Nevada, the pleadings and papers on file in both cases, and such other matters as may be presented at the hearing hereon.

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POINTS AND AUTHORITIES

I.
FACTUAL AND PROCEDURAL BACKGROUND

Both Western Dairy and NRD filed their bankruptcy petitions on or about February 3, 2010. The same individuals serve as managing members for both Western Dairy and NRD.¹ See *Consent Resolution of the Members of Western Dairy Specialists, LLC, Pursuant to LR 1002(b)*, case number 10-50307, docket #6; *Consent Resolution of the Members of Nevada Resource Dynamics, LLC, Pursuant to LR 1002(b)*, case number 10-50308, docket #6. No trustee has been appointed, and the Debtors are currently operating as debtors in possession.

Western Dairy operates a fluid milk processing and bottling facility, which is located at 103 McCleod, Yerington, Nevada 89447. The real property on which the processing and bottling facility is located is NRD's only real property asset; it is also NRD's primary asset in the bankruptcy estate, excluding litigation claims and other lesser personal property claims. *Summary of Schedules*, case number 10-50308, docket #18. Western Dairy does not hold any real property assets; however, it owns all of the personal property assets associated with the facility. *Summary of Schedules*, case number 10-50307, docket #21.

Western Dairy has the capacity to process roughly 800,000 plus gallons of milk per week in what is considered a state of the art processing facility (the "Western Dairy Business"). Although the Western Dairy Business is not currently operating, the Debtors believe that the fair market value of the business will be significantly compromised and negatively impacted if the Debtors were forced to liquidate immediately. The Debtors also believe that a maintenance of the business in its present state and the sale as an entirety of the Western Dairy Business and NRD's real property asset will generate the highest and best price and is in the best interest of the creditors of the Estates. Thus, it is believed that the most effective way to administer the

¹The managing members of both Debtors are as follows: Roger F. Ligtenberg, Manager Clear View Ranch LLC; Matthew P. Berry, Trustee the Matthew & Yvette Berry Family Trust; Thomas R. Reviglio, Trustee the Thomas R. Reviglio Family Trust; and Michael N. Compston, President Norma D. Brown Corp. See *Consent Resolution of the Members of Western Dairy Specialists, LLC, Pursuant to LR 1002(b)*, case number 10-50307, docket #6; *Consent Resolution of the Members of Nevada Resource Dynamics, LLC, Pursuant to LR 1002(b)*, case number 10-50308, docket #6.

1 bankruptcy estates of the Debtors is to administer NRD's real property jointly with Western
2 Dairy's personal property located thereon.

3 4 **II.** **LEGAL ARGUMENT**

5 **A. Jurisdiction and Venue**

6 The Court has jurisdiction over this matter pursuant to 28 U.S.C. §§ 1334 and 157. This
7 is a core proceeding pursuant to 28 U.S.C. § 157(b)(2). The venue of the Debtors' chapter 11
8 cases and this Motion is proper pursuant to 28 U.S.C. §§ 1408 and 1409 and the Local Rules.

9 **B. Joint Administration of These Cases Is Proper**

10 "Joint administration is designed in large part to promote procedural convenience and cost
11 efficiencies which do not affect the substantive rights of claimants or the respective debtor
12 estates." *In re McKenzie Energy Corp.*, 228 B.R. 854, 874 (Bankr. S.D. Tex. 1998). Bankruptcy
13 Rule 1015(b) authorizes joint administration of cases involving related debtors. Local Rule
14 1015(b)(5) provides that cases are deemed to be related within the meaning of the rule if "[t]he
15 debtors have the same partners or substantially the same shareholders." Additionally, "[p]rior to
16 entering an order [for joint administration] the court shall give consideration to protecting
17 creditors of different estates against potential conflicts of interest." FRBP 1015(b).

18 As noted above, both Western Dairy and NRD have the same managing members.
19 Additionally, the majority of Western Dairy's assets are located on NRD's real property. Thus,
20 joint administration of the above-captioned related chapter 11 cases is warranted. *See* LR
21 1015(b)(5).

22 Joint administration of these cases will not create a conflict of interest, as each estate has
23 filed separate accounts of each debtor's assets and liabilities for each respective estate. *See*
24 *Summary of Schedules*, case number 10-50308, docket #18; *Summary of Schedules*, case number
25 10-50307, docket #21. Joint administration will result in expediting the cases and rendering the
26 process less costly, a benefit to both the Debtors and their creditors. *See In re McKenzie Energy*
27 *Corp.*, 228 B.R. at 874 (concluding that joint administration saved costs and any potential conflict
28 of interest was only speculative). There is no prejudice to creditors, as the cases will be jointly

1 administered for procedural purposes only. Thus, joint administration will not affect the
2 substantive rights of the creditors. *See id.*

3 Joint administration will permit the Clerk to use a single general docket for all of the
4 Debtors' cases and to combine notices to creditors and other parties in interest of the Debtors'
5 respective estates. Joint administration will also protect parties in interest by ensuring that such
6 parties in interest in each of the Debtors' respective chapter 11 cases will be apprised of the
7 various matters before the Court in both of these cases.

8 **III.**
9 **CONCLUSION**

10 Based on the above and foregoing, the rights of the respective creditors of each of the
11 Debtors will not be adversely affected by joint administration of these cases inasmuch as the
12 relief sought is purely procedural and is in no way intended to affect substantive rights. Each
13 creditor and party in interest will maintain whatever rights it has against the particular estate in
14 which it allegedly has a claim or right. Indeed, the rights of all creditors will be enhanced by the
15 reduction in costs resulting from joint administration. The Court will also be relieved of the
16 burden of entering duplicative orders and keeping duplicative files. Supervision of the
17 administrative aspects of these chapter 11 cases by the Office of the United States Trustee will
18 also be simplified.

19 Accordingly, the Debtors respectfully request that the Court enter an order directing the
20 joint administration of their chapter 11 cases and the consolidation thereof for procedural
21 purposes only. The Debtors respectfully request that the order be in substantially the form
22 attached hereto as Exhibit A: (a) authorizing the joint administration of the Debtors' cases; and
23 (b) granting such other and further relief is proper.

24 The Debtors also request that the caption of their chapter 11 cases be modified to reflect
25 the joint administration of these chapter 11 cases substantially as follows:

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IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF NEVADA

In re:

WESTERN DAIRY SPECIALTIES, LLC, et al.²

- ☐ Affects this Debtor
- ☐ Affects all Debtors
- ☐ Affects Nevada Resource Dynamics, LLC

Chapter 11

**Jointly Administered under
Case No. 10-50307-GWZ**

Case Nos:

10-50307-GWZ
10-50308-GWZ
Jointly Administered

In addition, the Debtors request that the Court authorize and direct that a notation substantially similar to the following notation be entered on the docket for each of the Debtors to reflect the joint administration of these cases:

An order (the "Joint Administration Order") has been entered in this case directing the joint administration of the chapter 11 cases numbered 10-50307 and 10-50308. The docket in case no. 10-50307 should be consulted for all matters affecting this case.

The Debtors also request that the Court authorize that a combined service list be used for the jointly administered cases and that combined notices be sent to creditors of the Debtors' estates.

DATED: May 25, 2010

DOWNEY BRAND LLP

By: 

SALLIE B. ARMSTRONG

Attorney for Debtors

Western Dairy Specialties, LLC and
Nevada Resource Dynamics, LLC

² The Debtors in these cases, along with the last four digits of each Debtor's federal tax identification number, if applicable, are as follows: Western Dairy Specialties, LLC (6482) and Nevada Resource Dynamics, LLC (5750).